

Message Text

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PAGE 01 STATE 312136
ORIGIN TRSE-00

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DRAFTED BY TREAS GH0AR:DS
APPROVED BY NEA/ARP:JRCOUNTRYMAN
TREAS:GMOSE
TREAS:BPOUNDS
TREAS:GPASKY

-----282320Z 014887 /70

O 282247Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY JIDDA IMMEDIATE

UNCLAS STATE 312136

E.O. 11652: N.A.

TAGS:EFIN, SA

SUBJECT: PASKY/QURASHI LETTER ON IRREVOCABLE L/C FORMS
AND SURETY BONDS

REF: (A) JIDDA 08020 (B) JIDDA 08104

1. TREASURY PREPARED COMPLETE PACKAGE FOR EMBASSY WHICH INCLUDED PASKY LETTER TO QURASHI WITH ATTACHMENTS. REGRET PACKAGE WHICH WAS HAND CARRIED TO SAUDI ARABIA DID NOT REACH DANIELS.
 2. IN AUGUST GOVERNOR QURASHI SENT US LETTER OF GUARANTEE FORMS FOR BID AND PERFORMANCE BANK GUARANTEES. TREASURY MET WITH N.Y. BANKING COMMUNITY AT N.Y. CLEARING HOUSE IN EFFORT TO OBTAIN CONSENSUS LANGUAGE TO MEET NEEDS OF BROAD U.S. BANKING INTERESTS REPRESENTED AT MEETING AND WITH COMPTROLLER OF THE CURRENCY OFFICIALS TO REDRAFT BID, PERFORMANCE, AND ADVANCE PAYMENT BANK GUARANTEE FORMS.
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THE WORDS "IRREVOCABLE LETTERS OF CREDIT" WERE SUBSTITUTED FOR THE WORDS "BANK GUARANTEE." IRREVOCABLE L/C'S HAVE THE SAME EFFECT AS BANK GUARANTEES. THE CHANGE WAS NECESSARY SINCE FEDERALLY-CHARTERED BANKS AND MOST STATE-CHARTERED BANKS ARE PROHIBITED BY LAW FROM WRITING

GUARANTEES FOR CUSTOMERS. ALSO, FORMS WERE CHANGED TO MAKE IT CLEAR THAT SAG MUST NOTIFY THE U.S. BANK IN WRITING THAT THE CONTRACTOR HAS FAILED TO MEET ONE OR MORE OF THE TERMS OF THE CONTRACT BEFORE THE BANK WILL PAY THE AMOUNTS REQUIRED BY SAG. THE FORMS GIVEN TO QURAISHI ARE ACCEPTABLE TO THE U.S. BANKING COMMUNITY AND MEET THE COMPTROLLER OF THE CURRENCY'S CRITERIA FOR AN IRREVOCABLE L/C.

3. QURAISHI LETTER WITH ATTACHMENTS AND MEMCONS OF PARSKY MEETINGS IN JIDDA AND RIYADH BEING POUCHED.
ROBINSON

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Message Attributes

Automatic Decaptioning: X
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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
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Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
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